

SECOND REGULAR SESSION

House Concurrent Resolution No. 6

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES ROWLAND (Sponsor), FRANZ,
WALLINGFORD AND PHILLIPS (Co-sponsors).

4080L.011

2 **WHEREAS**, last year, the average price of gasoline rose to nearly \$4.00 a gallon and is
3 projected to remain high for the foreseeable future; and

4 **WHEREAS**, numerous components make up the price of gasoline, including the cost
5 of crude oil (45%), federal and state taxes (23%), refining costs (22%), and marketing and
6 distribution costs (10%). These components are affected by many factors; and

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8 **WHEREAS**, the three main factors that contribute to changes in the price of gasoline are
9 changes in crude oil prices, the transparency of energy markets, and regulations that affect the
10 price of gasoline; and

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12 **WHEREAS**, there is very little government can do about crude oil prices and
13 transparency. Crude oil prices are affected by world supply and demand, which continues to
14 grow and most rapidly in Asia. Transparency produces highly efficient markets, but it also
15 increases volatility. Any reduction in transparency would offset efficiency; and

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17 **WHEREAS**, while states have limited authority and options available to attempt to
18 reverse the soaring fuel prices and alleviate the growing financial burden on its citizenry, the
19 federal government is able to ease the pressure on prices and reduce volatility by reducing its
20 own interference in the market - most directly by the way of taxes and regulation; and

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22 **WHEREAS**, federal regulations have contributed significantly to the high price, high
23 volatility environment facing consumers today. These regulations have led to the proliferation
24 of numerous fuel blends - known as "boutique fuels" - which in turn have increased refining and
25 distribution costs; and

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27 **WHEREAS**, in addition to addressing the boutique fuel problem, Congress and the
28 Administration should reform other Clean Air Act regulations that have resulted in the halt of

29 construction of new refinery capacity and offshore drilling. More production and refinery
30 capacity is needed to ease the pressure on the production system; and

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32 **WHEREAS**, federal regulations are also affecting gasoline imports because foreign
33 suppliers are unable to keep up with the increasing complexity of federal gasoline requirements.
34 Volatility in the Middle East also threatens our second largest supplier of oil - OPEC; and

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36 **WHEREAS**, while changes in federal regulations and policies are needed as a long-term
37 solution, the federal government is able to impact gasoline prices in the short-term as well; and

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39 **WHEREAS**, in the short-term, the Environmental Protection Agency should temporarily
40 suspend clean-fuel requirements and reduce the number of fuel specifications across the country
41 by offering a limited menu of fuel choices that states and localities can choose from; and

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43 **WHEREAS**, with crude oil costs being the single largest component in the cost of
44 gasoline, the only real impact on crude oil prices is the threat of competition; and

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46 **WHEREAS**, the leading supplier of oil to the United States market is Canada, with
47 Mexico as the third leading supplier. There are enough oil and gas resources under the ground
48 of those two reliable neighbors to supply the United States at current consumption levels for the
49 next 100 years; and

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51 **WHEREAS**, by lowering any remaining cross-border barriers to energy imports and by
52 increasing the capacity of cross-border distribution systems, Congress can lower the cost to both
53 Canada and Mexico of shipping oil to the United States, thereby inducing them to bring more
54 supply on line; and

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56 **WHEREAS**, in order to reduce our dependence on foreign oil, Congress and the
57 Administration should find ways to facilitate the building of new refineries, and an increase in
58 production by permitting the uncapping of existing wells and the drilling of new wells; and

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60 **WHEREAS**, Congress and the Administration should strive to maintain a well-
61 functioning gasoline market for the good of the economy, without interfering in the marketplace.
62 Changes in federal regulation, introduction of fuel flexibility, removing impediments to
63 importation of fuel from Canada and Mexico, increasing refinery capacity and pipeline

64 construction, as well as greater domestic oil exploration and opening additional areas of
65 production would begin to ease the rising cost of fuels and reduce our dependence on foreign
66 sources of oil:

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68 **NOW, THEREFORE, BE IT RESOLVED** that the members of the House of
69 Representatives of the Ninety-sixth General Assembly, Second Regular Session, the Senate
70 concurring therein, hereby strongly urge the United States Congress and the Obama
71 Administration to immediately seek long-term and short-term solutions to the rapidly rising fuel
72 costs to ease the financial burden on its citizens and prevent a second recession; and

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74 **BE IT FURTHER RESOLVED** that the Chief Clerk of the Missouri House of
75 Representatives be instructed to prepare properly inscribed copies of this resolution for President
76 Barack Obama; Lisa P. Jackson, Administrator of the Environmental Protection Agency; the
77 Majority and Minority Leaders of the United States Congress; and each member of the Missouri
78 Congressional delegation.

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